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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

Implementation of Sections of
the Cable Television Consumer
Protection and Competition Act
of 1992

Consumer Protection and
Customer Service

MM Docket 92-263

To: The Commission

**COALITION OF SMALL SYSTEM OPERATORS
REPLY TO OPPOSITION TO PETITION FOR RECONSIDERATION**

The Coalition of Small System Operators 1/ hereby replies to
Oppositions to Petitions for Reconsideration filed by the National Association of
Telecommunications Officers and Advisors, the United States Conference of Mayors
and the National Association of Counties (the "Local Governments") and the United
States Telephone Association ("USTA") in the captioned proceeding. The parties
opposing the exemption of small systems (with less than 1,000 subscribers) from
customer service requirements utterly fail to acknowledge the key characteristic

1/ The Coalition of Small System Operators consists of: ACI Management, Inc.; Balkin Cable; Buford Television, Inc.; Classic Cable; Community Communications Co.; Douglas Communications Corp. II; Fanch Communications, Inc.; Frederick Cablevision, Inc.; Galaxy Cablevision; Harmon Communications Corp.; Horizon Cablevision, Inc.; Leonard Communications, Inc.; MidAmerican Cablesystems, Limited Partnership; MidContinent Media, Inc.; Mission Cable Company, L.P.; MW1 Cablesystems, Inc.; Phoenix Cable, Inc.; Rigel Communications, Inc.; Schurz Communications, Inc.; Star Cable Associates; Triax Communications Co.; USA Cablesystems, Inc.; Vantage Cable Associates; and Western Cabled Systems.

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distinguishing large and small systems: small systems have higher costs per subscriber due mainly to the low subscriber density of the areas they serve. Because of their slimmer operating margins, the burden of these regulations will disproportionately impact on small systems. To impose exactly the same customer service requirements on the very largest systems, which generally enjoy lower programming costs and other substantial economies of scale in virtually all facets of their operations, and the very smallest of systems (with less than 1,000 subscribers), which provide service to outlying, sparsely populated areas without the same economies as large operators, is plainly unfair to the small systems.

And yet, the parties opposing the Small System Operators' Petition for Reconsideration ignore these substantial impediments faced by small systems, focusing instead on irrelevant information to bolster the proposition that small systems should not be treated differently than large systems. An outstanding example of the complete lack of understanding of small systems' problems is found in the Local Governments Opposition at p.5, n.5. There, the Local Governments speculate that, as a group, the members of the Coalition of Small System Operators make approximately \$369 million a year in gross revenues. ^{2/} The Local Governments rely on conjecture to come up with an aggregate annual gross revenue figure for members of the Coalition, and then they use this fabricated number to imply that small systems should have no trouble financially in meeting the customer service standards or filing waiver requests in every single franchise area where relief from customer service requirements is needed. Even ignoring its

^{2/} This number is based on an average monthly gross revenue per subscriber of \$35. The Local Governments do not explain where they derived the estimate of \$35 per month per subscriber. We note that the \$369 million conjecture also assumes that the Coalition has 11 members serving 880,000 subscribers. Today, the Coalition has 22 members serving 1,297,856 subscribers (see attached charts).

factual infirmities, the flagrant illogic of this argument, of course, stems from the utilization of aggregate gross revenues for all members of the Coalition -- a number that is not even remotely relevant to the ability of an individual small system to comply with rigorous customer service standards.

Because there apparently exists some misunderstanding about the nature of the unique problems faced by small systems, which make regulatory burdens disproportionately heavy on small systems, the Coalition of Small System Operators wishes to belabor the point: the high per subscriber cost of providing cable television service to sparsely populated areas results in slim operating margins for small systems. In view of the high per subscriber costs of operating a small system, and the resulting low net income (or net loss), the burden of imposing rigorous customer service standards on small systems -- or of making small systems seek waiver of the rules for every single franchise area where a particular aspect of the customer service standards cannot be met -- outweighs any benefit to subscribers. The Opposition filed by the Local Governments does not realistically evaluate the burdens that would be faced by small systems if the customer service standards are applied across the board. Therefore, its suggestion that the standards apply to all systems should be dismissed.

A brief response to the Comments filed by the United States Telephone Association (the "USTA") on the Coalition's Petition for Reconsideration also is warranted. The USTA suggests that the FCC's customer service standards should apply evenly to all systems including small systems, except for a few specific areas where small systems should be treated differently. The Coalition disagrees with the USTA's position. Although the USTA member-owned cable systems already meet or exceed the Commission's customer service guidelines in most areas, 3/ some

3/ Comments of USTA at 2.

small operators have not made the substantial investment in equipment (including telephone equipment and additional repair trucks) or personnel (including customer service representatives and technicians) to achieve compliance with the rigorous new standards. Therefore, USTA's suggestions may work for that subset of small system operators that USTA represents, but may not work for other small systems. Accordingly, the Coalition urges the Commission not to judge all small systems' ability to comply with FCC customer standards by the apparent ability of telephone companies to comply with the requirements.

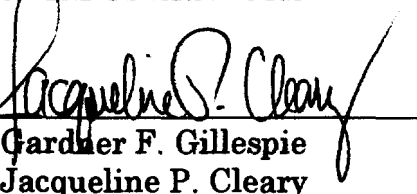
CONCLUSION

In view of the foregoing, the Coalition of Small System Operators respectfully requests grant of its Petition for Reconsideration, and exemption of small systems (i.e. those with less than 1,000 subscribers) from customer service requirements.

Respectfully submitted,

COALITION OF SMALL
SYSTEM OPERATORS

By


Gardner F. Gillespie
Jacqueline P. Cleary

Hogan & Hartson
555 13th Street, N.W.
Washington, DC 20004-1109

Its Attorneys

Dated: June 25, 1993

NAME OF OPERATOR	TOTAL SUBS	TOTAL COMM. UNITS	TOTAL STATES SERVED	TOTAL HEADENDS	HEADENDS WITH LESS THAN 1,000 SUBS.
Douglas Communications Corp. II	103,090	494	13	437	428
Galaxy Cablevision	54,887	200	6	129	112
MW1/USA Cablesystems, Inc.	37,334	484	16	443	443
Vantage Cable Associates, L.P.	30,737	126	7	126	123
Triax Communications Corp.	326,052	1,075	16	444	361
Buford Television, Inc.	77,206	260	8	168	154
Classic Cable	29,904	78	5	73	65
Midcontinent Media, Inc.	72,502	174	4	170	162
Star Cable Associates	60,279	150	6	62	33
Leonard Communications, Inc.	61,500	226	9	125	110
Phoenix Cable, Inc.	26,900	58	8	37	25
Harman Cable Communications	32,500	29	6	22	15
ACI Management, Inc.	26,000	125	8	45	39
Frederick Cablevision	41,427	21	1	9	3
Fanch Communications	189,603	514	13	306	331
MidAmerican Cablesystems, L.P.	12,173	101	5	81	80
Schurz Communiations	56,232	9	1	3	1
Rigel Communications	10,500	31	2	31	29
Western Cabled Systems	6,758	10	1	9	7
Horizon Cablevision, Inc.	23,347	81	1	16	6
Community Communications, Co.	12,167	35	2	28	28
Balkin Cable	6,758	10	1	29	4

FOR SYSTEMS WITH FEWER THAN 1,000 SUBSCRIBERS

NAME OF OPERATOR	AVERAGE SUBS.	AVERAGE HOMES PASSED PER MILE	AVERAGE MILES PLANT	AVERAGE ACTIVATED CHANNELS	AVERAGE SUBS. PER MILE
Douglas Comm. Corp. II	191	40	8	16	24
Galaxy Cablevision	396	37	19	28	20
MW1/USA Cable Systems, Inc.	84	29	7	21	12
Vantage Cable Associates, L.P.	221	45	7.23	21	30
Triax Comm. Corp.	364	39	15	22	25
Buford Television, Inc.	322	24	29	24	11
Classic Cable	331	51	10	25	39
Midcontinent Media, Inc.	240	57	5.85	16	41
Star Cable Associates	429	28	32	26	13.4
Leonard Comm., Inc.	252	40	9.6	19.9	26
Phoenix Cable, Inc.	313	24.4	24.6	18	12.7
Harman Cable Communications	410	47	8.8	21	46.9
ACI Management, Inc.	426	21.3	42.3	25	10
Frederick Cablevision, Inc.	511	33.5	22.3	40	32.9
Fanch Communi- cations, Inc.	462	40.44	10.64	28	24.1
MidAmerican Cablesystems Limited Partnership	150	49	6.2	19.4	24.2
Schurz Communi- cations, Inc.	440	55	8	30	55
Rigel Communi- cations, Inc.	275	15	5	18	10.5
Western Cabled Systems	549	73	21.8	36.7	37
Horizon Cablevision, Inc.	507	34	26	32	20
Community Communications Co.	217	27.2	20.2	15	17
Balkin Cable	550	49	22	37	25

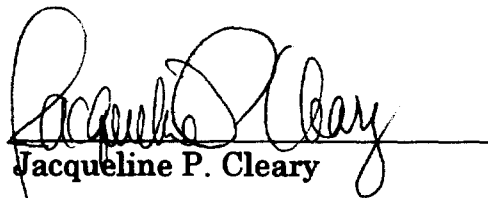
CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Reply to Opposition to
Petition for Reconsideration were mailed by First Class mail, postage prepaid this
25th day of June, 1993 to:

**Bruce A. Henoch
Arnold & Porter
1200 New Hampshire Avenue, N.W.
Washington, D.C. 20036-6885**

**Martin T. McCue
United States Telephone Association
Vice President & General Counsel
900 19th Street, N.W., Suite 800
Washington, D.C. 20006-2105**

**Alan Aranowitz, Esq. *
Federal Communications Commission
2025 M Street, N.W., Room 8002
Washington, D.C. 20554**


Jacqueline P. Cleary

*** By hand-delivery**